GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5883
ANSWERED ON:31.08.2001
NPAS OF FIS
AJAY SINGH CHAUTALA

Will the Minister of FINANCE be pleased to state:

(a) whether attention of Government has been drawn to the news item captioned `FIs promotersbusy `restructuring` steel loans to avoid NPAs` appearing in the Indian Express` dated the August 20, 2001;

(b) if so, the facts of the matter reported therein: and

(c) the steps taken by the Government to recover the loan from the private steel companies due to which NPAs have accumulated ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB ViKHE PATH):

(a) to (c) In the context of the problems being faced by the Steel Industry in which financialInstitutions (FIs) have substantial exposure, large steel projects assisted by FIs and atadvanced stage of implementation are being reviewed continuously by the institutions of asses the long-term viability of these projects. The consensus among the Institutions is that FIscould provide need based reliefs, keeping additional funding to the minimum required, subject to the promoters bringing in reasonable contribution and agreeing to certain built-in safeguards aimed at stricter financial discipline on the promoters. However, in accordance with the practices and usages customary amongst banks and in conformity with the provisions of statutes governing public sector banks and financial institutions as also the provisions of public Financial Institutions (obligation as to Fidelity and Secrecy) Act. 1983. details relating to individual constituents cannot be divulged.